

EXECUTIVE SUMMARY

FOCUSED INVESTMENT FOR MAXIMUM IMPACT

**An Evaluation of the Focused Investment Strategy (FIS)
Neighborhood Revitalization Program**

June 27, 2016

Prepared for:
City of Rochester
Department of Neighborhood and Business Development

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ACKNOWLEDGMENTS

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City of Rochester

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Lovely A. Warren
Mayor



July 5, 2016

Dear Citizens of Rochester,

My Administration took office toward the end of the City's first Focused Investment Strategy (FIS) initiative. The four FIS areas are the Marketview Heights FIS Area, the Beechwood FIS Area, the Dewey Driving Park FIS Area and the Jefferson FIS Area.

Upon completion of the FIS, we commissioned an evaluation to determine whether the decision to target resources worked to revitalize our neighborhoods, and whether we should continue to focus our investment.

This study, *Focused Investment for Maximum Impact*, shows that by concentrating revitalization investment, the City was able to leverage additional development, increase property values, empower community members as agents of change, and improve the quality of life of nearby residents.

We are pleased to see that the FIS Initiative met the program goals; but challenges remain in each of the four FIS areas. We must continue to build on the success that we have already shown.

I believe that a continuation of the FIS can play an important role in our efforts to bring more jobs, safer and more vibrant neighborhoods and better educational opportunities to our citizens. In the coming months, my Administration will engage the community to chart the next steps for focused investment in Rochester. One of the first action items will be to reconnect with the neighbors and community partners in each area to share the findings of this study and brainstorm about future phases of focused investment.

Thank you to all who participated in FIS to strengthen our City, block by block. We could not have met the program goals without you. I urge you to remain involved, as our work is not done.

Sincerely,

Mayor Lovely A. Warren



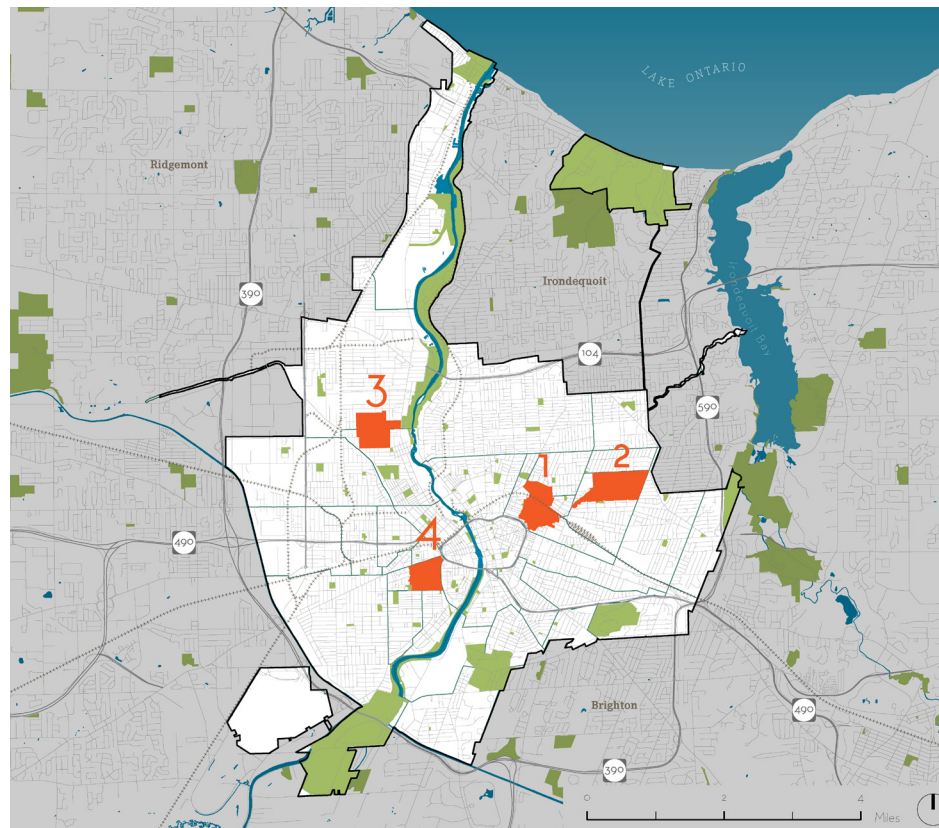
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Rochester's Focused Investment Strategy (FIS) marked an important shift in the City's approach to community development. Following decades of population loss and a prolonged effort to stem neighborhood decline by distributing revitalization efforts and dollars across Rochester, the City decided to instead target scarce community development resources in four distinct pockets of Rochester – one in each of the City's four quadrants.

- **Northeast Quadrant:** Marketview Heights FIS Area, close to Center City Rochester and the Rochester Public Market
- **Southeast Quadrant:** Beechwood FIS Area, following the Webster Avenue corridor to the new \$27 million Ryan R-Center, a state-of-the-art community facility also home to School #33 and the Sully Branch Library
- **Northwest Quadrant:** Dewey Driving Park FIS Area, where Maplewood meets Edgerton and both neighborhoods are bisected by the Dewey Avenue commercial corridor
- **Southwest Quadrant:** Jefferson FIS Area, just south of West Main Street and the Anthony Square Apartments

Over the course of seven years, the City annually committed 20 percent of its federal Community Development Block Grant (CDBG) allocation and nearly matched the investment of federal funds with local dollars – a blend of City Cash Capital, Development Funds, and Bonds – for a total program investment of \$17.1 million across the four FIS Areas.

The FIS program emphasized physical improvements in the built environment. The primary FIS tools were demolition, code enforcement, exterior residential rehabilitation intended to improve building envelopes and enhance curb appeal, limited infill and new construction, commercial façade improvements, business loans, greening, streetscape beautification, and infrastructure investments, all informed by community engagement within each FIS Area.



Four FIS Areas in Context

- 1 Marketview Heights
- 2 Beechwood
- 3 Dewey Driving Park
- 4 Jefferson

Purpose of the Program Evaluation

The City decided to target scarce resources and complement its investment of financial resources with a new emphasis on inter-departmental coordination and a renewed commitment to community collaboration. Through FIS, the City intended to maximize its impact and effect marked and measurable change in neighborhood and market conditions within a short period of time.

The purposes of this FIS Evaluation are to:

- Provide a full overview of program spending and community development activity
- Determine whether the targeted investments met program goals efficiently and effectively
- Offer recommendations for the City's ongoing community development efforts based upon the research and findings



Goals and Context

Community development initiatives are complex; they take time to implement, and the impacts of such investments take even more time to register in datasets that can contribute to program evaluation. In the case of FIS, the program's timeline coincided with the nationwide economic recession that set in in 2008, bringing with it restricted access to credit both for homebuyers and developers, increased rates of foreclosure and unemployment, and constricting neighborhood revitalization resources at the federal and local levels.

During the FIS years, the City's allocation of CDBG dollars fluctuated, but fell overall by 14 percent from \$9.5 million in Fiscal Year 2008-09 to \$8.2 million in Fiscal Year 2013-14. To compensate for dwindling community development resources, partner agencies at the federal and state levels placed new emphasis on targeted investment. Rochester's FIS positioned it well not only to compete for scarce resources, but to put those dollars to good use. Indeed, during the seven years of the FIS program, the City and its community development partners made great strides toward the program goals in each of the FIS Areas.

THE STATED GOALS OF FIS WERE TO:

- **Improve local housing markets and neighborhood vitality**
- **Increase property values, thereby growing the tax base**
- **Maximize the impact of federal funds by targeting City resources and leveraging additional investment**
- **Empower community members**
- **Maximize the number of low and moderate-income residents who benefit from program expenditures beyond direct recipients**

The pages that follow highlight major accomplishments in each FIS area and chart progress within each FIS Area against the above listed goals.

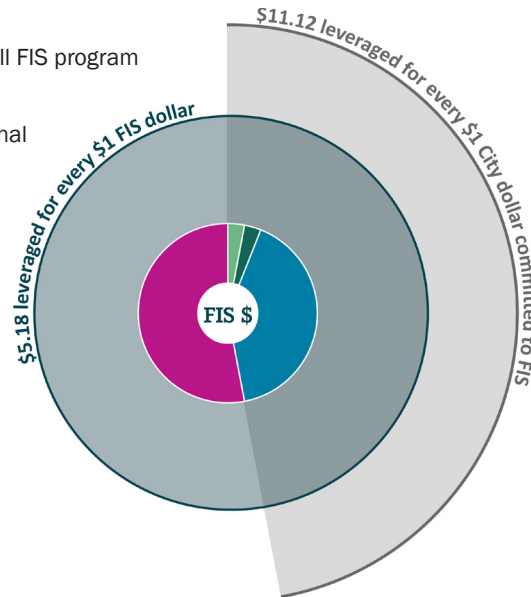
The results are clear. Although the application process for FIS grants was voluntary, and eligibility criteria such as no back taxes presented obstacles for program participation, FIS nonetheless made visible, tangible changes in the neighborhood fabric – if not on every property in each FIS Area. Housing investments boosted assessed values and demonstrated demand for rehabbed and new units, though sale prices have not recovered post-recession. With the \$17.1 million in program dollars and demonstrated commitment to the four geographic areas, the City leveraged \$88.7 million in additional investment within the FIS Areas. Though restrictions of the primary funding streams (CDBG and City Cash Capital) precluded sustained FIS investments in community building efforts, the program did provide a galvanizing force that brought

Ratios of Leveraged Investment

The pie chart at the center represents all FIS program dollars (\$17.1M), color coded by source.

The blue circle represents the proportional scale of dollars leveraged (\$88.7M) to total program dollars. For every \$1 FIS dollar, the City leveraged \$5.18.

The gray circle represents the proportional scale of dollars leveraged (\$88.7M) to City resources committed (\$8M of the \$17.1M program dollars). For every City-dollar committed, the City leveraged \$11.12.



TOTAL FIS DOLLARS COMMITTED: \$17,116,374

CDBG: \$9,137,799

CITY CASH CAPITAL: \$7,007,982

CITY DEVELOPMENT FUNDS: \$470,593

CITY BONDS: \$500,000

TOTAL DOLLARS LEVERAGED: \$88,728,243

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neighbors together as active participants in revitalization. And the investments triggered ripple effects including reduced crime and increased neighborhood pride – intangibles that benefit all neighbors.

Importantly, FIS accomplished all this despite very challenging existing conditions in the four chosen areas. Though the FIS program model called for selecting “transitional” neighborhoods on the cusp of change where investments would either accelerate positive change and growth or stave off decline through stabilization, the four selected areas were in fact quite distressed, with concentrated poverty, elevated rates of crime, tax and mortgage delinquency, distressed housing stock and high rehab costs, and absentee owners, among other issues, which were then compounded by the effects of the national recession.

The study that follows explores the myriad ways in which FIS impacted the trajectory of four pockets of the city and quality of life for the people who live there. Though there are many nuances, the hard data and the people whose lives were touched by FIS agree:

- Yes, focused investment works and is worth continuing, and
- Yes, there is still more work to be done in each of the four FIS areas

“Five years is not enough time. FIS was a great program – smart and strategic. But there is still room to do more. The need is great.”
- Community Partner

Key Accomplishments: Marketview Heights

In addition to the 67 homes renovated and built through FIS, the Marketview Heights FIS Area hosted several unique and larger-scale investments. **North Union Street has a new and improved streetscape**, with branded crosswalks, curb bumpouts, and stormwater management integrated at crosswalks leading to the Public Market. **The rail bridge over North Union has been converted into a walkway into the Market**, connecting a new parking area west of Union with the Market on the east side of the street. The route to the Market has also been improved by active neighbors of the Marketview Heights Collective Action Project (CAP), who have planted colorful gardens atop formerly vacant land.

East Main Street is undergoing transformation now, with two highly visible and creative adaptive reuse projects leveraged by the City's demonstrated commitment to the area: the **Market Apartments at Corpus Christi** which offer 42 affordable rental units with a preference for artists and **Eastman Gardens**, which will soon offer 52 affordable rental units for seniors.

Sofrito Garden



Public Market Trolley



Market Apartments at Corpus Christi



New Construction



Key Accomplishments: Beechwood

In addition to the 84 home renovations and new construction projects, **FIS investments yielded commercial development along Webster Avenue. The Freedom Market**, which offers fresh produce in the neighborhood is a major success and point of local pride, as are **Speedy Slice, Caring & Sharing Daycare, and the Dazzle dance school**. Community leaders tie momentum built during the FIS years to more recent developer interest along East Main Street, and community networks have strengthened. Community participation with the NorthEast Area Development Corporation (NEAD) and the Beechwood Neighborhood Coalition has blossomed. NEAD leveraged Beechwood's FIS designation to secure \$1 million in grant funding from Wegmans, the Farash Foundation, and the Greater Rochester Health Foundation for use in the broader area, emphasizing that grantors would not be investing in **"an island, but rather an area of focus by the City."** The Housing Authority also invested \$2.5 million near the Beechwood FIS Area.

Dazzle School of Visual & Performing Arts



Freedom Market



Residential Rehab



Key Accomplishments: Dewey Driving Park

Major accomplishments include the **60-unit adaptive reuse of the Holy Rosary Campus and nearby scattered sites**, coupled with strategic infill nearby. **Dewey Avenue benefited from some streetscape and safety improvements**, and FIS's Flower City Looking Good campaign brought beautification efforts to residential blocks as well. Business assistance and capacity building was a focus in this FIS Area, bisected by two commercial corridors, and a street liaison is now in place to guide the work of the new **Dewey Driving Park Merchants Association**. The area's **growing community of new Americans** has buoyed the housing market, with multiple Nepalese households becoming homeowners after several years of renting. Though the realignment of the Dewey-Driving Park intersection has not yet taken place, FIS laid the groundwork for this major investment, and effected much change on surrounding blocks.

Holy Rosary Campus



New Construction



Public Art



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Key Accomplishments: Jefferson

The Jefferson FIS Area built upon the momentum of a large-scale housing development, the Anthony Square Apartments constructed south of West Main Street prior to FIS. Several housing developments followed, leveraged by FIS, among them the **Voters Block Community and the rehabilitation of the Hardy Apartments**. Together these housing developments create a **transformed gateway** to the neighborhood. **Jefferson Avenue has been upgraded with new lighting and streetscape improvements**, and **Troup Street Park is now actively used by neighborhood children – not drug dealers – in the summertime**, according to a neighborhood leader. FIS spurred a grassroots door-knocking initiative led by Changing of the Scenes Neighborhood Association, which got neighbors talking. A community leader started a block group, which seeded three new block groups. The **Jefferson Avenue Seventh-day Adventist Church has become a key partner**; inspired by FIS and the positive trends in the Jefferson Area, the Church decided against leaving the neighborhood – instead staying and investing in its property and in the social life of the community.




Residential Rehab



Hardy Park Apartments



Evaluation of Progress Toward FIS Goals by FIS Area

 Notable progress or achievement of goal
  Limited change or progress toward goal
  Regressed or lost ground

	FIS Goals					Funding		
	Improve local housing markets and neighborhood vitality	Increase property values, thereby growing the tax base	Maximize the impact of federal funds and leverage additional community development investments	Empower community members through neighborhood planning and funds for implementing plans	Maximize the number of low and moderate-income residents who benefit beyond the direct recipients	Program Dollars Spent Over 7 Years	Private Investment Leveraged in 7 Years	
FIS Area								
Marketview Heights	↔	↑	↑	↑	↑	\$4.2M (26%)	\$32.5M	
Beechwood	↔	↑	↑	↑	↑	\$3.5M (21%)	\$1.3M plus \$2M invested by Housing Authority	
Dewey Driving Park	↔	↑	↑	↔	↑	\$3.7M (22%)	\$20.6M	
Jefferson	↔	↑	↑	↑	↑	\$5.1M (31%)	\$29.7M	
Control Areas (for more information, see pages 12-13)								
Emerson + Sherman								
Clifford + Clinton								
Olean + Champlain								
Citywide								
City of Rochester								

	Major Accomplishments	Key Quantitative FIS Metrics*						Major Items Remaining to Accomplish		
		Building Conditions ('08 - '16) --- A/B: good D/F: distressed		Vacancy ('08 - '16) --- VB: vacant bldg VL: vacant land		Median Assessed Residential Value ('06 - '16) --- Single- and Two-Family	Median Residential Sale Price ('07 - '15) --- Single- and Two-Family	Owner Occupancy ('00 - '15) ---	Violent Crime ('08 - '15) --- Rate per 1,000 Residents	
	<ul style="list-style-type: none">Built or renovated 67 homes; 94 new units added at Corpus Christi & Eastman GardensNorth Union Street streetscape improvements and Public Market parking and trolleyNeighbors engaged in Collective Action Project	<div>↑</div> <div>A/B +54% D/F -16%</div>	<div>↔</div> <div>VB -78% VL +39%</div>	<div>↑</div> <div>+18%</div>	<div>↓</div> <div>-30%</div>	<div>↔</div> <div>+0.3%</div>	<div>↑</div> <div>-49%</div>	Implement the Marketview Heights Urban Renewal District Plan		
	<ul style="list-style-type: none">Built or renovated 84 homesNew businesses and streetscape improvements on Webster AvenueNeighbors engaged with NEAD & Beechwood NC	<div>↔</div> <div>A/B +8% D/F +22%</div>	<div>↔</div> <div>VB --- VL +25%</div>	<div>↔</div> <div>-2%</div>	<div>↓</div> <div>-16%</div>	<div>↓</div> <div>-7%</div>	<div>↑</div> <div>-4%</div>			
	<ul style="list-style-type: none">Built or renovated 63 homes; 60 new units added at Holy Rosary redevelopmentGrowth and homeownership in Nepali communityStreet Liaison working with businesses	<div>↑</div> <div>A/B +95% D/F -42%</div>	<div>↑</div> <div>VB -44% VL -25%</div>	<div>↑</div> <div>+25%</div>	<div>↓</div> <div>-44%</div>	<div>↓</div> <div>-6%</div>	<div>↑</div> <div>-55%</div>	Realign the intersection of Dewey and Driving Park		
	<ul style="list-style-type: none">Built or renovated 69 homes; 102 new units added at Voters Block and Hardy Park ApartmentsChanging of the Scenes Association strengthenedJefferson Avenue Streetscape	<div>↑</div> <div>A/B +158% D/F -73%</div>	<div>↑</div> <div>VB -68% VL -14%</div>	<div>↑</div> <div>+16%</div>	<div>↓</div> <div>-50%</div>	<div>↓</div> <div>-3%</div>	<div>↑</div> <div>-52%</div>			
				<div>↔</div> <div>0%</div>	<div>↔</div> <div>-1%</div>	<div>↓</div> <div>-12%</div>	<div>↑</div> <div>-52%</div>			
				<div>↑</div> <div>+4%</div>	<div>↑</div> <div>+22%</div>	<div>↓</div> <div>-2%</div>	<div>↑</div> <div>-24%</div>			
				<div>↑</div> <div>+7%</div>	<div>↓</div> <div>-61%</div>	<div>↓</div> <div>-9%</div>	<div>↓</div> <div>+8%</div>			
				<div>↑</div> <div>+18%</div>	<div>↑</div> <div>+18% +5%</div>	<div>↓</div> <div>-4%</div>	<div>↑</div> <div>-27%</div>			



Next Steps

Building upon the data collected and analyzed and the wisdom of program participants and administrators, the study offers recommendations for sustained neighborhood revitalization. The recommendations for continued focused investment fall into five categories, and the Recommendations chapter provides greater detail.

The recommendations begin by underscoring that the City must protect its investment by continuing to invest in or near the original FIS areas. The distressed neighborhood conditions at the outset of the program coupled with the Great Recession, rendered it impossible to fully turn around the FIS areas within so short a span of time. Stabilization had to precede revitalization, and the City must continue targeting resources to sustain progress.

1) Protect the Investment by Continuing to Target Efforts in the First Four FIS Areas

- 1.1** Maintain a commitment to the original four FIS Areas and keep working toward revitalization and vibrancy.
- 1.2** Before the City moves on, devise a graceful exit strategy.

The remaining recommendations build upon lessons learned from the first phase of FIS to frame a strategy for selecting one or possibly two new areas for focused investment so as not to spread staff and financial resources too thin, while also integrating new program elements, improving program administration, and continuing the City's success in building partnerships that leverage additional investment.

2) Select an Area(s) for Future Focused Investment

- 2.1** Take on fewer areas.
- 2.2** Devise an entry strategy built upon lessons learned from FIS.
- 2.3** Seek areas with strong community partners poised to collaborate with the City and complement public investments.

3) Integrate New Program Components

- 3.1** Remain open to new program elements.
- 3.2** Invest in property maintenance education for community residents and property owners.
- 3.3** Continue to seek the right partner to support sustained grassroots community building and engagement.
- 3.4** Consider a matching grant program to cultivate resident ownership of and involvement in community projects.
- 3.5** Explore new incentives and promote existing programs to encourage owner-occupant home sales.
- 3.6** Incorporate new and improved design and construction techniques.

Sofrito Garden



Residential Rehab



4) Refine Internal Operations and Program Administration

- 4.1 Allow for flexibility in implementation and resource allocation.
- 4.2 Clarify program intent and goals, accounting for neighborhood conditions.
- 4.3 Rededicate staff time with full participation by multiple City departments.
- 4.4 Clearly identify data tracking variables at the outset; then collect data regularly.
- 4.5 Rework the grant application paperwork to make it more user-friendly.
- 4.6 Improve timeliness in payments to program partners and contractors.
- 4.7 Brand and celebrate progress both online and in the real world.
- 4.8 Use this FIS Evaluation as a framework for evaluating future FIS initiatives.

5) Seek New Partnerships that Leverage Additional Investment

- 5.1 Continue to pitch great Low Income Housing Tax Credit projects to the State.
- 5.2 Work with developers to foster a mix of incomes in FIS Areas.
- 5.3 Pursue new sources of funding.
- 5.4 Work with community based organizations to blend grant dollars available through non-profits with City program dollars.

The study concludes with a brief section on Next Steps that ties the recommendations to current priorities for the Warren Administration, chief among them integrating an action plan for the next phase of focused investment with the joint efforts of the Office of Innovation and Strategic Initiatives (OISI) and the Rochester-Monroe Anti-Poverty Initiative (R-MAPI) to increase human capital and decrease chronic joblessness, and the recently launched process to update the City's comprehensive plan, *Rochester 4.0 – Our Neighborhoods, Our Future*.



Questions about the FIS Evaluation?

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